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111
WAR DEPARTMENT

Buenos Aires, January 19, 1939.

No. 5939.

2048

Subject: Current Events, Argentina, January.

To: Asst. C. of S., G-2, War Department, Washington.

RECEIVED G-2 W. D. FEB 9 1939

ITALIAN SAILORS IN TROUBLE.

When the Italian cruisers Eugenio di Savoia and Duca d'Aosta were in Montevideo their officers and crews found there was little sympathy for Fascism in that city. The liberty parties on several occasions made themselves extremely unpopular by giving the Fascist salute to the people of Montevideo on the street, and on two occasions they were set upon by enraged Uruguayans who threw cafe tables, chairs and glasses at them - and the police had to intervene to save the sailors from manhandling.

After the visit to Montevideo the two cruisers came to Buenos Aires and when the crews attended official functions they were escorted by local police to prevent any incidents. Leaving Buenos Aires on December 29th for the west coast via Magellan Straits it was announced they would not call at Valparaiso - probably for fear of other incidents with the Chilenos.

FOR LOYALIST SPAIN.

That the people of Argentina and Uruguay have little use for the Franco movement in Spain was evidenced in Buenos Aires and Montevideo at the time of the visit of Indalecio Prieto, former Minister of Defense of the Spanish Republic. Prieto arrived in Buenos Aires from Chile on January 8th and was met at the railway station by a crowd estimated at 50,000 who gave him an ovation. Later this crowd marched to the Spanish Embassy, and in passing the American Embassy they stopped and gave cheers for President Roosevelt.

Everywhere in Buenos Aires, and later in Montevideo, Prieto was received with enthusiasm. He gave a talk at Luna Park here which seats 10,000 people - at five pesos admission - and packed the structure and the adjoining streets. The same was true when he spoke in Montevideo. His mission, apparently, was to secure Argentine wheat and beef for the civilians in Loyalist Spain.

Anyway, the people showed their love for the former mother country in no uncertain manner while Prieto was in Argentina and Uruguay.

No. 5939.

ARGENTINE EXPORTS FALL.

Argentine exports for the calendar year 1938 showed a decrease of 50% in quantity and 39.4% in peso value over 1937. In tons, the exports for 1938 amounted to 9,117,000 as against 18,235,000 for 1937, and the value dropped from 2,310,000,000 in 1937 to 1,400,000,000 pesos in 1938. The important drop was in wheat and corn shipments to the United States which had taken large quantities of these grains during the drought years.

FEWER BANKRUPTCIES.

Fewer bankruptcies in 1938 as compared with 1937 in Argentina indicated a more healthy business outlook. For 1938 the amount was \$66,040,006.45 Argentine pesos (approximately one-third this amount in U.S. currency) while in 1937 the total was \$71,522,219.73 pesos.

MILITARY EXEMPTION SCANDAL.

Compulsory military service for the youth of Argentina is not too popular, judging from a scandal which has developed in La Plata where two prominent citizens have been arrested for using their influence with the military authorities to secure exemption for certain individuals. It is charged that one of them secured several exemptions on the payment of fees of approximately two hundred dollars, U.S. currency. One of the accused admitted to the authorities that he had worked for the exemption from service of several young men, but he maintained he did it out of goodwill and had received no payment.

1939 BUDGET.

The special session of the legislature (Congress) is still wrestling with the 1939 budget at this writing. The Chamber approved it as presented by the budget committee, but the Senate knocked a lot of expenditure off and now the two Chambers are trying to agree on how small a deficit they shall approve.

It is pointed out by one financial writer in the press that to pay all governmental expenses of all political units in Argentina would take more than 90% of the entire net income of all individuals who render returns to the Commissioner of Internal Revenue. Since 1929, the exemption of a single person has been reduced from \$1,500 pesos to \$1,000 pesos, and for a married person from \$3,500 pesos to \$2,500 pesos. This has caused an increase of nearly one-third in the number of persons rendering income tax returns.

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Buenos Aires, February 14, 1939.

No. 5953.

Subject: Current Events, Argentina, February.

To: Asst. C. of S., G-2, War Department, Washington.

BOYCOTT DICTATORS.

Only a few days after Hitler made his famous speech which included the expression: "We must export or die", there appeared on the walls of Buenos Aires placards quoting these words followed by the advice: "If the Democratic peoples of the world intensify the boycott of products from totalitarian countries of Nazism and Fascism and Japanese totalitarianism, the enemies of civilization will die. Free people of Argentina, you know what to do". In spite of the efforts of Nazi and Fascist agents in South America, their efforts in Argentina seem to have little effect except among their own people upon whom they can bring economic pressure.

NEW AIR SERVICE.

A new air service for passengers, freight and mail between Buenos Aires and Montevideo was inaugurated on February 6, 1939, by the "Corporación Sudamericana de Servicios Aéreos". There is to be one round trip flight a day except Saturdays and Mondays when two flights will be made in each direction. The time of flight is fifty minutes between the two cities. The machines used are Macchi 94 flying boats equipped with two 800 h.p. engines each. The planes can accommodate 16 passengers, 700 kilos of freight and have a speed of 300 kilometers per hour. This inauguration between Buenos Aires and Montevideo is part of the line which the company will operate from Rosario, Argentina, to Montevideo, Uruguay, in the near future. The planes for the longer service are also Italian but will have capacity for 30 instead of 16 passengers.

U.S.-Argentine Trade.

The importation of practically all American products continues to be prohibited by the Argentine Government under the "prior permit" system, and unless relief is forthcoming soon many American firms will be without stock as a result of which they will be forced to reduce office and factory staffs, advertising and general expenses. President Ortiz, in an interview with the United Press, stated that he thought a better understanding in the U.S. of Argentina's difficulties would enable a satisfactory understanding to be reached. Argentine chilled and frozen

To:

Subject: Czechs
Argentines

No. 5953.

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meat barred from sale in the United States through non-ratification of the sanitary convention is the bone of contention.

CZECH IMMIGRATION TO PARAGUAY.

It is reported from Asuncion that there is a possibility of 30,000 families of dispossessed Sudeten Czechs coming to Paraguay to settle on the land. The Paraguayan consul at Prague has embarked for Asuncion accompanied by several commissioners representing the prospective immigrants to discuss details with the Paraguayan Government.

ARGENTINE FOREIGN TRADE.

The total foreign trade of Argentina for the calendar year 1938 amounted to \$2,861,182,000 pesos compared with \$3,868,682,000 for 1937, or a decrease of 26%. Exports amounted to \$1,400,294,000 as compared with \$2,310,998,000 for the previous year. The excess of imports over exports for 1938 amounted to \$60,594,000, which contrasts with a favorable balance for the previous year of \$753,313,000.

MOST POPULOUS PROVINCE.

The most populous province in Argentina, according to a census taken in the province in December 1938, is that of Buenos Aires with a total of 3,552,276 inhabitants. The cities having the largest populations are Avellaneda with 386,372 inhabitants, La Plata 247,575, General San Martin 162,440, Bahia Blanca 115,148, and Lomas de Zamora 109,776.

NATURALIZED ARGENTINE CITIZENS.

In the four years from January 1, 1933, until December 31, 1937, statistics for which are now available, 17,359 foreigners became citizens of the Argentine Republic. Spaniards led with 4,026 naturalizations, Italians were second with 3,960, Uruguayans third with 1,104 and Germans were fourth with 964 while Frenchmen stood eighth with 455. It is an interesting fact that citizens of Uruguay, Paraguay, Brazil, Bolivia and Chile all figure among those peoples who became Argentines during the period mentioned.

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AIR MAIL

ARGENTINA

COMMENTS ON CURRENT EVENTS

July 13, 1939.

(No. 3).

1. BOLIVIA-NAZI DEAL. RECEIVED G/2 W. D. JUL 24 1939

The Buenos Aires press is giving considerable prominence to a report that the Nazis have made a deal with Bolivia whereby the landing field at Trinidad on the Mamoré River - one of the feeders of the Amazon - which has been used for several years by the German-owned Lloyd Bolivian Airlines is to be so enlarged as to be able to accommodate trans-Atlantic airliners flying from Germany. In spite of the absolute denial made by the Bolivian Foreign Minister to an American news agency yesterday (June 12th) that any such deal had gone through or was contemplated there seems to be considerable grounds for belief in it. The deal, it is reported here, gives Bolivia a large amount of arms, munitions and motorized army equipment for the airfield concession which the Germans will build themselves without cost to the Bolivian government.

Bolivia was much embarrassed during the recent Chaco war with Paraguay over the fact that its military supplies had to come through three Pacific ports - Antofagasta and Arica in Chile, and Mollendo in Peru, while Paraguay could import direct through its own river ports. Another angle which gives credence to the possibility of a deal with Germany is that Bolivia during the Chaco war found the neutrality act of the United States hampered it in munitions purchases although its tin exports to the United States gave it access to foreign exchange to make purchases in that country better than in Europe. Under the reported arrangement with Germany, the war matériel will be brought into the country via the Amazon and Mamoré rivers.

The Bolivian General Staff is reported to have launched a two-year rearmament plan designed to restore the army to an efficient war footing. In this connection, the expropriation of the oil fields of the Standard Oil Company looms large, for Bolivia is reported to have made a deal with Germany to supply oil from these now nationalized fields in exchange for the construction of refineries, pipe lines, etc. to enable the country to cash in on its oil. A barter deal recently concluded, the press reports, is one whereby Bolivia will exchange minerals, hides and other products for German manufactured goods. Germany wanted the entire output of the Bolivian oil fields but to this Bolivia demurred because of previous agreements to supply crude oil to Argentina, Brazil, Chile and Paraguay. In this connection, an agreement has been made with Paraguay whereby Bolivia will lay a pipe line to the Paraguayan border where refineries will be constructed so that Paraguay will have an important industry.

The Buenos Aires press reports that several months ago President Busch of Bolivia appointed a military mission to go to Germany to work out the details of various barter agreements. This mission is headed by General Quintanillas, hero of the Chaco war and former Bolivian Chief of Staff. Other members of this mission are two military technicians, Majors Chaves and Monge, and a civilian, Dr. Flores, former counsellor at the Bolivian Legation in Buenos Aires. This mission arrived in Germany recently after first visiting Italy.

About the time that this military mission was appointed, Germany lent several technical experts to Bolivia - several of these being petroleum experts and the others road builders for the construction of strategic

From M/A Argentina.

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July 13, 1939.

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highways in the interior of Bolivia. On most of the oil properties formerly operated by the Standard Oil, Americans have been replaced by German technicians. It is also reported that Germany will construct oil refineries in both Brazil and Paraguay to process Bolivian oil.

Press reports are to the effect that most of the negotiations between Germany and Bolivia have been in the hands of Lieutenant Colonel Bruno Metlitzky of the German General Staff who has been in Bolivia and Paraguay as a technical expert of the Siemens-Baunion Company which is to construct the oil refineries. Metlitzky has also been in Paraguay recently in connection with the construction of the Bolivian refineries in that country which are to be located near Villa Hayes.

The Buenos Aires press seems to have gathered much source material on this German-Bolivian deal, or deals, and it would appear that one of its important sources, judging from the text, was the Standard Oil Company which would be the only entity outside the Bolivian government conversant with oilfield details.

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AMERICAN

ARGENTINA

COMMENTS ON CURRENT EVENTS

August 18, 1939.

(No. 4).

RECEIVED G/2 W. D. AUG 26 1939

1. Airplane Bases Inadequate.
2. Presidential Visit from Uruguay.
3. Argentine Naval Construction.
4. Argentina's Antarctic Claims.

1. Airplane Bases Inadequate.

"La Nacion" of August 6, 1939, in a critical editorial calls attention to the deficiency of some of the Army's air bases, and states that new fields for this service should be located with a view to their strategic importance. The writer cites El Palmar as a bad field because of the gully near the hangars; Los Tamarindos in Mendoza because of its dry, sandy surface which the winds whip into unprotected engines; Villa Mercedes because of its haze and fog; Paraná is condemned by the writer because of its unevenness and small size for present airplanes.

"The air bases should be located in future in accordance with the principles of strategy", the editorial states. "Pursuit planes should be located at fields near the frontiers in view of their mission and short radius of action, while bombers should be placed in the interior of the country for defense against enemy attacks".

2. Presidential Visit from Uruguay.

President Baldomir of Uruguay came over to Buenos Aires from Montevideo on August 10 on an official visit and returned home on an Argentine gunboat August 14 after five days of hectic fêtes, military reviews and thousands of words in post-prandial and other speeches. A half holiday was declared on the day of arrival, Thursday, and with the usual Saturday half holiday and Sunday included before his return on Monday evening the people of the capital had plenty of leisure to see the visitor at public functions and parades.

Just what this visit accomplished other than that a good time was had by all is hard to evaluate. The holiday idea for visiting chief executives was put into effect a few weeks earlier when President-elect Estigarribia of Paraguay stopped over on his way from Washington to Asuncion. Several accords were signed during the Estigarribia visit but the Baldomir affair was wholly social.

3. Argentine Naval Construction.

The eighth tug constructed in Argentina for the Navy was launched at San Fernando August 5, 1939. Formerly all such craft were built in foreign yards, especially English. This craft is of 550 tons, driven by two Diesel motors of 1,000 h.p. each, has a speed of 18 knots, and a radius of action of 3,000 miles. The tug for armament has two 101 mm guns and two anti-aircraft ones.

4. Argentina's Antarctic Claims.

Argentina has never recognized the British control of the Falkland Islands, the South Orkneys, South Georgia, South Shetlands, Graham Land, and all other land in this area of Weddell Sea.

The invitation extended to Argentina recently to be represented at the Congress of Arctic Explorers to be held next year in Bergen, Norway,

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(No. 4).

has started such interest in Argentina's claims to Antarctic lands that columns, with maps and charts of claims, have been printed in the local press. So much controversy was raised in the Buenos Aires press and such a number of claims were made that the Minister of Foreign Affairs issued a communique denying on the part of the Government all suggestion of a policy of political aggression against friendly nations in the Antarctic.

A source of press controversy between Argentina and the United States consists of the latter's avowed policy of bringing the Antarctic regions within the scope of the Monroe Doctrine. To this idea Argentina is vigorously opposed at this time, mainly on the grounds that the United States did not invoke the Monroe Doctrine against Great Britain when that Power took over the Falklands in 1833.

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ARGENTINA

COMMENTS ON CURRENT EVENTS

September 14, 1939.

(No. 5)

RECEIVED G/2 W. D. SEP 25 1939

1. German Daily Appeals Against Nazis.
2. Nazi Organization Changes in Argentina.

1. German Daily Appeals Against Nazis.

The "Argentinisches Tageblatt" has the largest circulation of German-language newspapers in Latin America. It was founded as a weekly in Buenos Aires in 1888, and as a daily in 1899. Its letterhead, since the Hitler regime became important in Germany, carries the line: "An Argentine antinazi daily in German language." Its leading editorial of the issue of September 4, 1939, signed by Dr. E. Alemann, editor-in-chief, under the heading: "Appeal to Germans in an Hour of Extreme Gravity" indicates that there is a large and important section of German opinion in Argentina which is absolutely opposed to everything that Hitler stands for.

Dr. Alemann says: "For the second time within one generation, German militarism has imposed upon the world a mortal combat. Nations whose sole desire it was to live in peace, as they also allowed the German people to live in peace, and who had already accepted sacrifices and humiliations for the sake of peace to a degree surpassing everything that was thought humanly possible, found themselves compelled yesterday to take up arms again in the defence of liberty, justice, and civilization. Their leading statesmen have as late as Saturday, after the ignominious attacks of German bombers on the open towns of Poland, and after German troops had begun to invade that country, made a final attempt to save peace by negotiation. For weeks they have done all they could in their desire to induce the German government to settle their dispute by discussions. There is no question which may not be solved by peaceful negotiation, if there is a will. But it has all been in vain. Every new prey which this regime of notorious bandits and irresponsibles mass murderers was allowed to devour only increased their appetite. In the midst of the negotiations which, so London and Paris still hoped, would spare the world a horrible bloodshed, the Third Reich threw herself upon a weaker neighbor, offering a lying excuse, in the assumption that the Western Powers, stunned by the unexpected breaking-away of Russia from the peace block, would let their ally down and refuse to redeem their pledge of assistance. The bluff, which was so often successful, failed this time. Unlike the faithless liars who have ridden and fleeced the people of Germany for six years, the governments of England and France have honored their signature. War began yesterday.

"Never before was a general conflagration provoked with such criminally cold deliberation. The responsibility for this catastrophe lies on the shoulders of one man, Adolf Hitler, and the vicious clique that keeps him in power. For six long years we have seen it coming. For six years we have insisted that unless Hitler is restrained, war is inevitable. We have warned and preached: Hitler is War! We have repeated time and again: this regime which usurped power by lying and murdering, which has retained power and cemented it by a thousand crimes, will lead the German people into a massacre. What we predicted has come to pass, and although we expected the catastrophe, we stagger to think of the consequences: the millions of innocent children and women, the flower of youth, condemned to suffer the horrors of war let loose upon the world by a criminal maniac.

"We do not harbor the illusion that this second war within

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Report No. 6113.

September 14, 1939.

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September 14, 1939.

(No. 5)

a quarter of a century, which Prussian militarism has unchained in its desire for world domination, will be of short duration. On the contrary, we believe that it will be a hard fight calling for terrific sacrifices. The forces that stand for barbarity, for the idol of the prison state, for injustice and brutality, may be able to score some success in the beginning; their deeds will only serve to fan the hatred of the world, to brace the will of resistance, to accelerate the rallying of all forces. The Third Reich must perish, because England, France and Poland are fighting for a just cause; for freedom and for right, for honor and loyalty, for humanity and a new order of the world in which small nations shall no more live under a constant fear of being attacked and enslaved by their stronger neighbor. The law of the jungle must be extirpated. Conditions must be created which will allow man to devote his energies to peaceful activities, and not compel him to spend his every effort on the production of instruments for murder.

"Under these circumstances we need not explain where we stand. The 'Argentinisches Tageblatt', which over a period of six years and a half has guarded the Germans in Argentina against the disgrace of being identified with the Nazi criminals, will continue to fight unflinchingly, unequivocally and determinedly for the ideals which it has upheld for fifty years. The 'Argentinisches Tageblatt' will fight shoulder to shoulder with the best Germans for the cause of freedom, and against barbarous dictatorship. The people of Germany, who allowed a gang of depraved blackguards to rule over a civilized nation, have an ample share of guilt. They have proved to be incapable of overthrowing the dictatorship; thus, liberation must come from without.

"It may turn out to be a long and terrible struggle which Hitler has imposed upon the world, and which he began with lies and the apologies of a bully. It will call for horrible sacrifices, and it may well change the face of the earth. But the end is sure: Hitlerism will be destroyed.

"We appeal to all decent Germans in Argentina to keep in mind always their duties toward mankind, and to give not the slightest support to a regime which has driven the world into this unnecessary and insensate slaughter. Whosoever wishes to assist the German people in this tragic hour, will do so most effectively by combating their brutal chiefs, the gang of Hitler, Goering, Hess, Himmler, Goebbels, and the rest of them, with all the means in his power, and by giving all possible support to the nations which have steadfastly sought to avoid the conflict and made every conceivable sacrifice in the cause of peace, and which now are compelled to go into war in a heroic effort to stamp out that plague.

"Remember that the most illustrious representatives of the German nation, with Thomas Mann to take the lead, are for France, England and Poland. The sympathies of the Argentine people are without reserve for the defenders of liberty, justice, and humanity. With them are all true Germans. No feelings of enmity for the German people. But hatred, a thousandfold, for those who lead it to destruction."

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/ 2. Nazi Organization Changes in Argentina.

After the promulgation of the Argentine government's decree on

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September 14, 1939.

(No. 5)

foreign organizations(Ref. G-2 Rep't. No. 6039, I.G. 3020-f, May 16, 1939), local Nazi publications stressed the fact that "cultural" and "social" associations were not illegal. So they did not disband, but simply changed names. The German Labor Front now is a "Union Alemania de Gremios", the Nazi Party has become a "Federacion de Círculos Alemanes". They also joyfully pointed out to their members that they would continue to boast the cultural and social progress achieved in Germany under Hitler's rule.

Argentine authorities have not, as yet, interfered. The former chief of the Nazi Party, Alfred Müller, whose full title was "Leader of the district of Argentina of the National Socialist Party" has reappeared as "President of the Federacion de Círculos."

Notwithstanding the stand of the Nazi organizations which the decree of May 15, 1939, aimed to ban but which had to include all foreign organizations in Argentina, not to be discriminatory, the clubs and other social organizations of American and British membership have complied strictly with the provisions of the decree.

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Military Attaché.

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S. DEPARTMENT OF STATE

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ARGENTINA

COMMENTS ON CURRENT EVENTS

September 15, 1939.

(No. 6)

RECEIVED G/2 W. D. SEP 25 1939

1. German War Activities in Argentina.

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1. German War Activities in Argentina.
Reference to recent news dispatches to the effect that Germany has established submarine or airplane bases on the coast of South America, the following information is of interest.

The German "Condor-Lufthansa" airmail service from Buenos Aires to Europe was suspended at the outbreak of war. This service in South America is operated by the Condor Syndicate. The office in Buenos Aires closed and discharged about 25 employees. The manager, Mr. Walter Grotewold, the assistant manager, Mrs. L.M. de Stenborg, and their technical adviser, Mr. Franz Hollzmann, are the only ones in Buenos Aires at the present time. The chief pilot of the company, Mr. Fritz Fuehrer, has gone to Brazil. The service to Chile has also been discontinued.

This company has its repair and overhauling shops and airport - for the Brazilian service - at the town of Quilmes, a suburb just south of Buenos Aires, where 95% of the personnel have been discharged. The nearest estimate of the number of persons who were working there is more than one hundred.

On September 9, 1939, the German steamship Monte Pascoal left Buenos Aires, without passengers, and a complete cargo ostensibly for Hamburg. The crew of this ship was largely increased on the day of sailing.

The British Naval Attaché informed the writer that he was almost sure the Monte Pascoal had sailed south along the Argentine coast.

The French Military Attaché is practically convinced that German bases are being established on or off the coast of the territory of Chubut, and especially about Bahia Nueva.

"Intava" (aviation gas, oil and grease company) informs the writer that they have deposited quantities of airplane supplies at Rivadavia, Bahia Nueva, and Puerto San Antonio, all on the east coast of Chubut - but for Argentine naval aviation on a Government order. Naval authorities here state the gas and oil was spotted as above for a naval aviation patrol of that coastline.

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OCT 10 1939

ARGENTINA

COMMENTS ON CURRENT EVENTS

September 27, 1939.

(No. 7)

RECEIVED G/2 W. D. OCT 10 1939

1. Collapse of German Barter.
2. German Built Hydro-electric Plant Question.

1. Collapse of German Barter.

The outbreak of war in Europe has destroyed overnight the important trade structure which the Nazis had built throughout Latin America upon the artificial foundation of medieval barter and other bilateral arrangements. The collapse of this structure has proved a costly lesson to most South and Central American Republics. Nearly all of them have been left holding a sack filled with aski marks.

In most of the big barter deals, Germany has not delivered the machinery, equipment and other manufactured goods which were promised in return for the raw materials which it already has received in large volume from several of the Latin American countries. In most of these cases where delivery has been made, the German products have proved to be of poor quality or defective construction, sometimes both.

The whole economy of several of the Latin American Republics has been dangerously disrupted by their attempt to shift from Twentieth Century methods of multilateral trade to the old bilateral barter arrangements of the Middle Ages as revived by Germany. The war has released them from these unsatisfactory trade arrangements. If the struggle is a prolonged one, it seems probable that most of the South American Republics will be able to improve their economic situation as the result of better prices for their exported raw materials.

The United States undoubtedly will profit from the loss of German trade in South America. But the extent to which the United States can replace Germany in Latin American trade depends largely on how far the United States can or is willing to go toward increasing its purchases from the South and Central American countries, or in assisting them to establish new industrial markets among themselves.

1. 2. German Built Hydro-electric Plant Question.

The Uruguayan Government is trying to find out what is to be the outcome of its huge hydro-electric project on the Rio Negro, which the Germans were building. The project was to cost 45 million Uruguayan pesos, and Germany agreed to accept Uruguayan products in payment for the machinery and equipment used. Uruguay was to ship to Germany 20,000 tons of frozen meat annually for four years, and specified quantities of wool and other raw materials. Uruguay had also contracted with Germany for the building of a Portland Cement plant to compete with the American-owned one which has been operating near Montevideo for many years.

Lester Baker,
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Military Attaché.

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ARGENTINA

COMMENTS ON CURRENT EVENTS

October 9, 1939.

(No. 8)

RECEIVED C/D W.D. OCT 20 1939

1. Neutral Zone Comment.
2. Argentine General Misses German Visit

1. Neutral Zone Comment.

The "Review of the River Plate", English-language economic and political weekly published in Buenos Aires in an editorial in its issue of October 6, 1939, commenting on the 300-mile neutral zone which was established by the Panama Conference says: "In the case of the neutrality provisions the practical value depends on the extent to which the belligerent States are prepared to acquiesce in the Panama thesis of territorial neutrality. Already it is evident that Great Britain cannot but look with disfavor on the suggested extension of American territorial rights considerably beyond the present 'three mile limit', and the stipulation that belligerents in the present conflict shall refrain from any act of war within the extended area. Such observance would, in practice, confer undoubted advantages on German submarines which, once within the 'protected' area would be immune from all risk of attack from British destroyers, as such attack, constituting as it would, an act of war, would be held to amount to an infringement of American neutrality. The difficulties of effectively patrolling such a vast area as the proposed 'safety belt', must be held another factor detracting from the practical value of the new proposals."

2. Argentine General Misses German Visit.

General Juan Bautista Molina, now retired from the Argentine Army, who had been invited by the Reich Government to participate in the annual celebration of the National Socialist Party to have been held in Nuremberg on September 2, returned to Buenos Aires on the Italian liner Augustus on October 3. He only got as far as visiting Italy and Switzerland before the outbreak of the war and returned to Argentina direct from Italy without getting to Germany at all.

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WILSON TEL. DIV.

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ARGENTINA

COMMENTS ON CURRENT EVENTS

October 10, 1939.

(No. 9)

RECEIVED OCT 20 1939 OCT 20 1939

1. German Marine Activity in South Atlantic.

✓ 1. German Marine Activity in South Atlantic.

Four German merchant vessels with full cargoes of Argentine grain are being concentrated at Montevideo to await definite sailing orders. Another, the Borkum, slipped out of Montevideo during the night of October 9th without notifying the Uruguayan authorities. There is considerable conjecture in diplomatic and shipping circles as to whether they are planning to make a dash for it at some moment when they learn that the cruisers of the British South Atlantic Squadron are occupied elsewhere, or whether the Germans expect that there will soon be a naval engagement in the South Atlantic and are hoping for a German victory and then a convoy to some safe destination.

Since a German cruiser sank the British steamer Clement off the Brazilian Coast, three German steamers have hurriedly completed loading cereals at Buenos Aires and Rosario and have gone down the River Plate to Montevideo. These are the Borkum, mentioned above, the Bahia Laura and Parana.

Two other German steamers, the Anatolia and Niemburg, are in the Buenos Aires roads trying to sign on crews and leave for Montevideo. They are both carrying cereal cargoes. These vessels arrived with Chinese crews and completed their loading shortly after the war started. When they were ready to sail, the Chinese mutinied and refused to sail. It is stated in shipping circles that as soon as these vessels can sign new crews they will leave for Montevideo to await orders.

It is also believed that the Germans are concentrating a squadron of armed merchant vessels in the South Atlantic, either to join some German warship in a naval action against British cruisers, or to convoy German grain vessels to Germany.

Two large German passenger steamers, the General Artigas and Cape Norte, as well as the Monte Pascoal, left Buenos Aires within a few days after the outbreak of the war with clearance papers for Hamburg via Brazilian ports. Their present whereabouts are unknown.

In local shipping circles it is insisted that the Monte Pascoal has a false bottom in which cannon and torpedoes are carried, and with which it could be fitted as an auxiliary cruiser. The General Artigas and the Cap Norte are also reported to carry cannon. It is believed that these vessels had a rendezvous in the South Atlantic.

During the World War there was considerable naval activity off Montevideo by auxiliary cruisers, and the big German passenger steamer Cap Trafalgar was sunk off that port after being fitted out as an auxiliary cruiser.

The British South Atlantic squadron went into action off the Brazilian and Uruguayan coasts immediately upon receipt of the news of the outbreak of war. The cruisers Exeter and Ajax, which normally constitute this squadron, have been reinforced by at least one cruiser and two destroyers.

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The Ajax sank the German cargo steamer Olinda soon after it had left the mouth of the River Plate bound for Hamburg with Argentine grain. It is also believed that the British cruisers have sunk other German cargo vessels in the vicinity of the mouth of the Plate without giving any publicity thereto.

A large number of young Britons who registered at the Buenos Aires consulate for war service have been quietly enrolled and sent to the Falkland Islands. Members of their families say that they were told that they were being sent to the Falklands to guard a large number of German prisoners there. These prisoners could come only from captured or sunken German steamers.

The German steamers Gloria, Gorkeim and Ikersten Milef have sailed from Argentine ports since the outbreak of the war and their present whereabouts are not known. The Anatolia and Niemburg are the only German vessels still in Argentine waters.

The Argentine Ministry of Marine has announced that Argentine warships and the Navy's Air Corps are patrolling the entire Argentine seacoast, as far as Tierra del Fuego, to prevent belligerent merchant vessels or warships from using the numberless Patagonian bays and inlets as bases for operations.

British and French interests here are frankly concerned over the presence of a German Military Mission in Argentina. (There are four officers on this Mission - previously reported as five - one, it is just learned was recalled to Germany last August). The four officers still here include Brigadier General Guenter Niedenfuehr of the German General Staff. In their capacities as instructors in the Argentine War College and higher service schools they have an enviable access to confidential information. If German raiders should become active in the South Atlantic, it is feared that these officers would have excellent opportunities to communicate with the raiders concerning the movement of vessels carrying supplies to British and French ports.

One member of this Mission, Major Rudolf Berghammer, who was instructor in the Argentine Cavalry School, was hurriedly called to Germany for active service three weeks before the outbreak of hostilities.

Another member of the Mission is Major Krieschen who continues as an instructor in aviation in the Argentine War College, in spite of the presence here of a United States Mission of army flying officers.

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(No. 10)

1939

1. Argentina's Neutrality.
2. British-German Relations in Argentina.
3. Nazi Business Firms Troubles.
4. Argentine-Nazi Barter Deal Off.
5. Argentine Oil Production.
6. Fewer Automobiles Operate.
7. Nazi Air Base Suspected.

1. Argentina's Neutrality.

Since the outbreak of the European War and Argentina's declaration of strict neutrality the Government of this country has been leaning backward in its efforts to be neutral. One of the first orders issued in following this attitude was by the Ministry of War which prohibited any permanent member of the Argentine army from publishing any opinion or comment in connection with the progress of the war without previous authorization from the Minister of War. Retired personnel were exempt for publishing their views.

The Argentine people are practically a unit in their opposition to the totalitarian Powers, while there was a divergence of opinion in the last world war. Their adverse opinions have been expressed by hisses and catcalls at the movies when Hitler or his aides were shown on the screen, while cheers greeted the appearance of Allied personalities. A continuation of these incidents led the Minister of Foreign Affairs to instruct the Mayor of Buenos Aires, who, in turn warned the owners of movie houses, that such audience demonstrations were not strictly neutral and that they must stop.

Radios on incoming transatlantic vessels have been sealed since the outbreak of the war, and shore folk have not been allowed to go on board merchant ships at the docks, even those of neutral countries, to visit friends either arriving or departing.

2. British-German Relations in Argentina.

Restaurants in Buenos Aires bearing German names have been under the ban of the British community since the war broke out. One Czech restaurant owner recently wrote to an English-language newspaper here depicting his plight through the loss of his English-speaking clientele. He explained that he was Czech, not German, and that if his many English patrons did not return to his tables he would have to close up shop.

Local sports have also come into the picture among the rowing clubs. The Tigre Boat Club, after consultation with the British Embassy, has decided not to enter any rowing competitions for the duration of the war because to compete might compel meeting German crews of other clubs in Buenos Aires.

3. Nazi Business Firms Troubles.

Foreign banks, except German, in Buenos Aires had little difficulty during the first days of the war. The two Nazi banks, Banco Germanico

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and Banco Aleman Transatlantico, saw their deposits shrink notably in September and thereafter, and had to recall immediately their outstanding credits. The importance of German banks in South America is rapidly declining. In Argentina, for example, their deposits amount to only 2 1/2% of the deposits of all banks in the country.

The directors of a Buenos Aires iron and steel firm who had allowed themselves to be brought under the Nazi heel presented their bills shortly after the outbreak of the war to a German bank where previously they had been discounted without difficulty. This time the bills were not accepted, as the bank, for reasons stated above, did not have the liquid funds. The Nazi firm then tried an English bank where it was immediately refused. Then the firm tried an American bank, which "regretted" not to be able to be of service.

4. Argentine-Nazi Barter Deal Off.

Some months ago Argentina entered into a barter deal with Germany (previously reported) whereby this country would exchange a large amount of its surplus wheat for German-made rolling stock for the State Railways. The wheat was shipped but no German merchandise received in return. On November 29th, Germany announced in the press that she could not fulfill the contract because of the Allied blockade on exports. However the British and French had announced previously that they would not interfere with these shipments which contract had been entered into prior to the war outbreak and because payment in kind had already been made by Argentina.

It appears that Germany now can't deliver because she has not the rolling stock on hand and what she is turning out is needed for war purposes at home. It was announced a few weeks ago, and since war started, that Germany would start deliveries on this rolling stock at the beginning of 1940, in so far as the material would be shipped to a neutral European port, presumably in Italy, from which port the Argentine Government would have to find ways and means to bring it to this country.

5. Argentine Oil Production.

With the continued increase in the output of its wells, both Government and private, Argentine officials hope in the not too distant future to supply the domestic demands of the country. Statistics furnished by the Y.P.F.(Government oil company) show that for the first ten months of the present year the oil output from government wells alone amounted to 1,327,725 cubic meters,a considerable increase over the same period a year ago when the output was 1,167,794 cubic meters. The older field of Comodoro Rivadavia increased its production by 3.42% but the new wells in Mendoza increased the output of that district from 16,677 cubic meters in 1938 to 86,477 cubic meters this year. or more than 400%.

In Mendoza an oil refinery is being constructed which will have a capacity of 90,000,000 liters of gasoline per annum, which will probably supply the demand of the whole zone of Cuyo and thus save freight charges on gasoline heretofore shipped in from other sections of the country.

From M/A Argentina.

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6. Fewer Automobiles Operate.

The National Roads Board of the Argentine Government is viewing with alarm the decline in the number of motor vehicles in the country. This because the Board relies heavily on the gasoline tax for new highway construction. According to latest statistics, the number of motor cars of all categories now operating in Argentina is 405,743, or 30,000 less than were in operation nine years ago in 1930. Of present registrations, 294,947 are passenger cars, 10,009 are busses, and 100,787 are trucks.

The Board estimates that 100,000 new units are needed yearly for the next five years to cover the requirements of the country. However, only 17,063 cars were imported into the country during the first nine months of the present year.

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7. Nazi Air Base Suspected.

The possibility that a Nazi air base has been secretly established in the wild southern part of either Chile or Argentina is being investigated by the two governments on the initiation of Chile following the sighting of a strange plane in that country. This camouflaged plane was seen late in November and as the Argentine navy was holding maneuvers in southern waters the Chilean Government thought it might be Argentine and so queried Argentina about it. Argentina replied in the negative so it was concluded that the plane must have come from a secret southern base or from a plane carrier at sea. A search by air in addition to the regular air patrols operating since the outbreak of the European war has been started by both governments.

In this connection it is recalled that during the World War the Germans used bases in Argentine and Chilean territory until its fleet was destroyed in the battle of the Falkland Islands.

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December 11, 1939.

(No. 11)

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1. Further Light on Barter Deal with Germany.

1. Further Light on Barter Deal with Germany.

An interesting light has been thrown on the present position of Argentina's widely-publicised barter deal with Germany, with the announcement of the Reich Ambassador's call on the Minister of Agriculture during the week of December 8th to intimate that Germany is now unable to comply with the terms of that famous but ill-fated agreement. The main features of the deal provided for an exchange of 100,000 tons of Argentine wheat and 8,000 tons of wool, for 900 railway freight cars, 40 sleeping cars, and 64 Diesel engines of German manufacture for the State Railways, the latter to be delivered within a two-year period and the former to be shipped at the earliest opportunity.

The wheat was practically all shipped by the date of the outbreak of war, and constitutes the only part of the deal effected, although, due to the operation of the Allied blockade, sinkings, etc., not all of it reached its final destination. Germany's inability now, either to ship the rolling stock or a compensating part of it, or otherwise to settle for the six or seven million Argentine pesos worth of wheat shipped, has put the Argentine Government in the position of considering the appropriation of German funds here to an amount equivalent to the uncovered balance.

Heavy purchases effected in Germany by the Ministry of War and Ministry of Marine, and as yet not fully paid for, will, it is understood, be offset against the wheat bill as and when the goods in question arrive. Funds due to German account in respect to work and installations in the new powder factory at Córdoba will, it is reported, also be taken into account in the matter of squaring accounts with the Reich. The payment due under the latter heading is in the neighborhood of four million pesos, about half of which, however, is claimed by the German Embassy as being required for the payment of salaries and representation expenses.

In addition to the measures cited, it appears that all banks have been circularized with a request for information regarding German balances as of November 30th last, with a view, presumably, to further appropriation, if necessary.

It is expected that the result of these computations will be a small balance in favor of Argentina.

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